

WEEKLY ECONOMIC REVIEW

August 29, 2008

Average weekly earnings in Alberta grew by 5.0% in the first half of 2008, the strongest growth among the provinces. Robust growth in wages and employment lifted Alberta's labour income, which is up 8.8% in the first half of the year. Nationally, average weekly earnings rose 2.8% while labour income has grown by 5.2% so far this year.

In the first half of 2008, total cash receipts of Alberta farmers rose 15.8% to \$2.6 billion compared to the same period last year, driven mainly by strong grain and oilseed prices. However, livestock receipts fell 8% as robust U.S. hog production and the higher loonie continued to pressure prices downward.

After contracting by an annualized rate of 0.8% in the first quarter, Canada's real gross domestic product (GDP) recovered to 0.3% in the second quarter of 2008. Softening global growth and a strong loonie continued to dampen real exports, which are down 3.6%.

In sharp contrast to Canada, the U.S. economy grew by 3.3% in the second quarter, higher than the previous estimate of 1.9%. The second-quarter rebound reflected strong export growth (+10.6%) and the impact of the \$93 billion fiscal stimulus payments.

Despite the strong headline GDP numbers, the U.S. economic outlook remains grim. Tight credit conditions and the housing slump are expected to continue to drag U.S.

↓	Cdn Dollar (US\$/CS)	
	August 29, 2008	94.1
	August 22, 2008	95.6
↓	WTI Oil US\$/bbl	
	August 28, 2008	\$ 115.59
	August 21, 2008	\$ 121.18
↑	Nymex Natural Gas CS/MMBtu *	
	August Contract	
	August 29, 2008	\$ 8.63
	August 22, 2008	\$ 8.55

*Estimate based on Nymex Futures Market Price

economic growth. In addition, consumer spending is likely to weaken further in the near-term as the effect of the tax rebates wanes down.

Cooling commodity prices slowed down the growth in the cost of manufactured products and raw materials in July.

Canada's current account surplus with the rest of the world widened to \$6.8 billion (seasonally adjusted) in the second quarter of 2008 as strong commodity prices pushed up the merchandise trade surplus (goods exports less goods imports) to \$16.4 billion, the highest in 2 1/2 years.

After plunging by more than US\$5 to US\$115.59/bbl on Thursday's closing, oil prices rose to above US\$117 on Friday morning as oil and gas facilities in the Gulf of Mexico were shut down in preparation for Tropical Storm Gustav. Natural gas prices also increased on similar concerns.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date ¹
Average Weekly Earnings (\$) ²	June			
Alberta	872.96	1.3%	4.6%	5.0%
Canada	789.23	0.1%	2.5%	2.8%
Industrial Product Price Index (1997=100)	July			
Canada	123.6	0.4%	6.8%	2.3%
Raw Materials Price Index (1997=100)	July			
Canada	233.8	1.4%	28.9%	23.8%

Source: Statistics Canada. ¹Year-to-date compared to the same period in the previous year. ²Seasonally adjusted.